



U.S. Department of Justice

*United States Attorney
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January 31, 2014

BY ECF & BY HAND

The Honorable Richard M. Berman
United States District Judge
United States District Court
500 Pearl Street, Room 1320
New York, NY 10007

Re: Lehman Brothers Holdings, Inc. v. United States,
10 Civ. 6200 (RMB)

Dear Judge Berman:

Pursuant to the Court's order of November 15, 2013 [Docket No. 104], and in advance of the conference scheduled for this case on February 11, 2014 at 9:30 am, the Government hereby writes respectfully to provide the Court with an update regarding the status of the various reviews and approvals that are required before the parties can enter into their proposed settlement framework described in the letter to the Court of November 14, 2013 [Docket No. 103]. As described in that letter, before the Government can enter into any settlement stipulation along the lines of the proposed settlement framework, the framework must be approved by the Assistant Attorney General for Tax, after which it must be reviewed by Congress' Joint Committee on Taxation (the "Joint Committee"). Lehman must also present the proposed settlement framework to the Bankruptcy Court and obtain its approval.

A great deal of progress to date has been made on both of those accounts. The undersigned have presented this Office's formal recommendation in support of the settlement framework to the Office of Review, the office within the Department of Justice's Tax Division that reviews such recommendations before presenting them to the Assistant Attorney General. The Internal Revenue Service has presented its formal recommendation in support of the settlement framework as well. We understand that the review conducted by the Office of Review is nearly complete, after which the settlement will be presented to the Assistant Attorney General, followed by the Joint Committee. Furthermore, Lehman has indicated that it has prepared motion papers seeking Bankruptcy Court approval of the settlement framework, which

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it expects to file shortly. We will keep the Court apprised of further developments in this process.

In addition, in advance of the conference, the parties have begun discussing evidentiary issues associated with certain exhibits listed on the revised Joint Pretrial Order submitted to the Court on December 18, 2013, and hope to resolve these issues prior to the conference with the Court. If the parties are unable to reach a resolution, however, they may raise them at the conference. If discussion of these evidentiary issues is required at the conference, the parties will send a short letter to the Court in advance of that date.

We look forward to further discussing these matters with the Court at the upcoming conference.

Respectfully,

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